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MEMORANDUM FOR: The Director of Central Intelligence

VIA : Deputy to the DCI for National Foreign Assessment

FROM : Presidential Briefing Coordinator

SUBJECT : Hypothesis

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1. suggested investigating the hypothesis that a deal was struck in the USSR

-either during the preparations for Krushchev's ouster or during the subsequent shakedown period.

-to shift the policy of allocating resources to the military from "constant real rubles" to "constant fraction of GNP."

2. I have talked to several experts and the basic message is,

"The hypothesis is reasonable, but so are others that give less emphasis to the "deal being struck" aspect. Most likely overall is that some such shift took place over several years as a consensus was reached among Soviet leaders that more military spending was needed although bureaucratic logrolling may well have played an ancillary role. We have no specific evidence to allow us to choose between these alternative hypotheses."

3. The following observations expand on the basic message.

a. Our Soviet military spending estimates suggest that spending was basically "constant real rubles" with some ups and downs from the late '50s until the mid'60s and has been pretty much "constant fraction of GNP" since, but the old numbers are much too fuzzy to allow us to identify a turning point or indeed to even say that there was a turning point rather than a series of changes over several years.

b. At least since the mid'60s analysts in general have been sufficiently sensitive to the importance of the issue that it is very unlikely that pertinent evidence would not have been recognized as significant. At least one analyst has searched the files vigorously on a closely related topic.

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c. Tending to support the hypothesis are a number of factors including:

- Resource allocation policy has often been an important factor in Kremlin power struggles. So why not in the mid'60s?
- The atmospherics of the period revealed that resource allocation policies were on people's minds in the Kremlin before and after Krushchev's demise.
- Krushchev's successors did act to placate several interest groups, e.g. relaxation of constraints on private plots. The military could well have been one of the groups placated.
- There were a few public statements by Brezhnev and others in the late '60s to the effect that the military would be taken care of.
- There were rumors in 1967 that a shift in Defense Ministry leadership from career military officers to civilians had been debated and aborted. Such a shift occurred in 1976 when Ustinov became Defense Minister after Grechko's death.

d. Tending to support other hypotheses are other factors including:

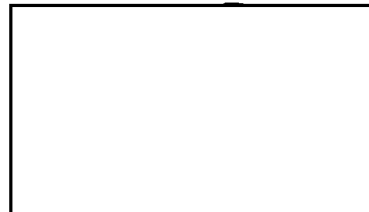
- About September 1965 the Soviet system of economic planning was changed. Basically civilian programs were shifted from a regional basis to a sectoral basis. This could have produced some changes in the military's slice of the pie without a positive deal being struck.
- Over the years of the '60s a number of events occurred which could well have made the Soviet leadership change its perception of military requirements as a matter of broad strategy rather than internal politics. They included:
 - The Cuban missile crisis.
 - The realization by early '65 that bad relations with the PRC would continue. The Soviet military buildup on the border began thereafter.
 - The US' heavy military commitment in Vietnam began in the mid'60s.
- Beginning active SALT talks in 1969 suggests that broad strategy had been under review in the Kremlin for some time.

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4. I have discussed these conclusions with ☐ and he thinks a written assessment of this matter would be useful. I agree that it would be useful, but doubt it is useful enough to justify diverting resources from other tasks. Accordingly unless otherwise directed I will not pursue the matter further.

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Agree



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cc: DD/NFA

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